

COMMUNITY FORESTRY IN THE PHILIPPINES AND OTHER ASIAN COUNTRIES

ENTERPRISEWORKS WORLDWIDE'S EXPERIENCE WITH CONFLICT AND FORESTS



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Introduction

For a decade, EnterpriseWorks Worldwide has been assisting community groups in the forests of India, Nepal, Indonesia, Sri Lanka, and the Philippines through its enterprise-based biodiversity program. Using livelihood as an entry point to resource management, resolving forest conflict is paramount to achieving economic betterment and forest conservation. This paper focuses on examples from the Philippines, but the general lessons come from the collective Asia portfolio. The focus of each topic is in the context of community forestry and forest conflict, although many of the points are relevant to the range of forest conflict issues that arise worldwide.

EnterpriseWorks Worldwide (EWW) is a not-for-profit development organization that promotes enterprise-oriented solutions to problems facing small-scale producers in the developing world. For over 25 years EWW has undertaken strategic interventions in some 60 countries of Asia, Latin American and Africa. Targeting institutional strengthening, production, processing and marketing, EWW enables poor producers to increase incomes, improve productivity, tap broader markets and capture more value of finished products while conserving natural resources.

Issues that Impact Forest Conflict in the Context of Community Forests

Forest conflict can be within a community and/or between a community and outsiders. Conflict ranges from relatively peaceful, with “losers” doing little to retain rights, to violent with lives lost over control of resources. To effectively manage forest resources, conflicts must be recognized, actors in the conflict identified, and steps taken to deal with the conflict. EWW has found that conflict resolution efforts need to work with and complement tenure instruments, local laws, and community forestry management traditions. The top three issues EWW has found that directly impact forest conflict are:

- Clear tenure status and range of tenure instruments available for forests.
- How forest regulations are implemented and the consistency and dependability of enforcement by government and communities.
- How well communities are linked with and work effectively with government, industry, and other forest stakeholders.

In Asia, EWW has experienced these issues with regard to forest conflict despite varying tenure instruments and forest governing approaches. Larger conceptual modeling exercises identify indirect sources of conflict which can include population growth, lack of economic opportunities, poverty rates, etc. But, EWW has found that even in the context of high population growth and poverty the three issues above must be addressed if forest conflict and its associated negative impacts are to be mitigated.

Tenure and Range of Instruments

Tenure options are country specific, but it is important to ask some generic questions before any individual or community gains forest tenure or resource use rights (e.g. permits in the Philippines context). In order to avoid conflict or deal with existing conflict, tenure instruments for community groups should consider:

- What tenure instruments and resource use permits are available and how does each operate?
- What constitutes the forest community? Who is allowed to participate in the tenure and permit rights and who is not?
- What are the subsistence and commercial uses by all members of the community (women and men, landed and landless)?
- What is the history of community self governance? For example, are there long-standing village structures that mediate forest disputes and use? Or, is there little or no community forest management structure – often the case in the Philippines when not dealing with indigenous communities.
- What is the area and condition of forest to be managed? Is the area large enough to put in place sustainable harvesting regimes for fuel wood, fodder, nontimber forest products (NTFPs), and timber?
- What is the expectation when gaining tenure or resource use permits? Increased income, subsistence use, timber sales, increased land security, protection of farm lands?
- Who has official and unofficial jurisdiction over each tenure instrument and permit? How do these different entities interact?
- Who in the past has had access to and rights over the forests and are they included in the tenure instrument? How does government interact with these entities?

Not addressing these issues yields a high probability of creating a forest conflict situation.

Thousands of forest tenure agreements have been issued around the world without addressing these issues. Forests Trends estimates that 25% of the forests in developing countries are now under community control and in the next 15 years this figure is projected to reach 50%. Conflict will only increase if fundamental use and rights issues assumed in tenure and permit mechanisms are not addressed better.

Philippines Case

The community based forest management (CBFM) program of the Philippines has admirable goals of improving local community economic conditions while sustainably managing and conserving the forest resources. Unfortunately the starting point was: a) over logging and clear cutting by illegal or

politically connected individuals; b) replanting and forest management guidelines were rarely followed and enforced; and c) communities were seen as unskilled labor and local police, military, forestry personnel and government officials often shared in the payoff from lucrative old growth timber sales.

The CBFM program has the challenging task of changing how an entire national culture views forest management. In the Philippines, forest tenure and permits are still seen as a way to gain quick and lucrative cash income. The “get rich quick” expectation is in conflict with the long-term forest management investment strategy of the CBFM program. *There are no more get rich quick forests in the Philippines!*

The change itself in tenure instruments is causing conflict, but it is a necessary conflict that requires legal education and organizational strengthening across stakeholders if long-term forest management goals are to be realized. Once tenure instruments are negotiated, then transparent and uniform implementation of forest regulations is required. Currently tenure instruments with weak implementation mechanisms tend to open up more opportunities for conflict.

Implementation of Forest Regulations

In the Philippines complying with all the legal requirements to manage a forest area and sell profitable forest products legally is next to impossible. Actual case study figures (see EnterpriseWorks Conflict Forest Case Study) from Region Two provide the specifics of what it costs in time and money to be in full compliance. Despite the high cash cost, the biggest cost and business risk factor is “compliance uncertainty” that can potentially stop a shipment and delay delivery to a buyer. Below are the main areas that generate compliance uncertainty and hence conflict once tenure is granted.

- Determining and enforcing boundaries.
- Paperwork requirements and ground actions.
- Consistency and dependability of enforcement.
- Number of entities that have and/or claim jurisdiction over forests and products and specific policies in the CBFM context contributing to conflict.

Determining and Enforcing Boundaries

How were the boundaries determined for a given tenure agreement? Are the boundaries clearly marked on the ground and recognized by government officials and the community? If forest boundaries are to be enforced, these questions require clear answers. In the Philippines boundaries too often are determined from aerial satellite images or drawn on maps in offices without visiting the site. The boundaries are not delineated with ground markers and prior land claims are not researched. The result is frequent conflict over boundaries and who can use resources.

For example in Palawan, one set of maps designated an area as protected (done with satellite maps). Another government office shows individuals hold certificates of forest stewardship handed out years ago by local politicians for parts of the same area. Recently the Department of Environment and Natural Resources (DENR) awarded CBFM agreements that overlap one or both of the other claims. Finally, most recently a church group obtained “tenure” from a local politician for land that has already been awarded in one of the CBFM agreements. Currently a mess of jurisdictions govern forest lands. Persons and groups seeking to uphold their land rights are caught up in long drawn out legal processes. There is no easy way to check for land titles already issued;

or titles are ignored. With no ground markers set; it is difficult to know actual boundaries when in the forest. Ground markers that are placed and registered at the local level would be a start to remedy the situation, but ground surveys are costly. Although, the conflict and economic disruption of not knowing boundaries may in the long run be more costly than doing ground surveys.

Paperwork Requirements and Ground Actions

The current CBFM paperwork requirements are lengthy and often not understood by communities or local officials. There is no consistent guidance from DENR officials on how to complete comprehensive reports. Nor are there consistent guidelines followed by DENR officials when processing paperwork. It is too easy for one official to hold up all paperwork for a minor problem. CBFM groups doing their best to operate a legal forest products business can find their products held up from transport and sale for weeks and months as paperwork awaits signatures. This is no way to run an enterprise or encourage replanting programs in the Philippines.

Consistency and Dependability of Enforcement

There are two extremes of enforcement, either over zealous scrutiny that delays forest management and enterprise activities or overt encouragement from officials to violate the rules and perpetuate illegal harvesting. The case study evidence suggests that forest enterprise groups who operate legally pay more than illegal operators. How can paying numerous payoffs be cheaper than legal operations that don't require payoffs? The answer is a perverse "code of honor" among the payoff takers which can include DENR officials, local officials, police and military. These are the same people who are responsible for enforcement of forest regulations so hence the conflict. The perverse code of honor is illustrated in an actual example from Region Two. One CBFM group, after being asked for a payoff at a check point, were then encouraged to "recycle" their permits at least three times. In other words use the permit to get three loads of lumber to market when only one load is supposed to be harvested under the sustainable management guidelines. The payoff taker is saying, yes I know it is wrong for me to take a payment, but I will let you do something illegal so we will all be even. When CBFM groups refuse to buy into this standard operating procedure (SOP) system there are several tactics officials use to punish them.

- Delay or refuse to sign needed paperwork.
- Send paperwork back numerous times for additional information or even minor administrative issues such as document formatting or number of copies submitted.
- Entice select CBFM members to break the law and then turn in the entire group when individuals break the law, resulting in suspended CBFM operations or even CBFM cancellation.

Jurisdiction Over Forests/Products and Examples of Policies that Contribute to Forest Conflict

Lax implementation and lack of coordination among agencies are not producing the intended results at the field level. The accompanying case study shows the multiple individuals and entities which have jurisdiction over one CBFM and a shipment of lumber. Each relationship sets up the potential for conflict. Two examples of policies that contribute to conflict and do not have the intended forest management results are:

- 1) Regulations for Timber Harvesting Department Administrative Order (DAO) 2000-29 states that all harvesting should be confined to residual forest below 1000 meters above sea level with an average volume of more than 80 cubic meters per hectare. A study conducted by the RP-

German Community Forestry Program indicated that the average volume of residual Dipterocarp forest in the Philippines is only around 60 cubic meters per hectare. If this is the case no harvesting permits should have been issued. Actual timber surveys of CBFM groups found most groups have well below 80 cubic meters volume per hectare.

- 2) Protected area classification within Community Based Forest Management Areas is determined by elevation (above 1000 M). Species richness decreases at increasing elevation; most species thrives within areas below 1000 meters. With the current policy on resource harvesting biodiversity is sacrificed.

Cost of Forest Conflict to Community Groups and Biodiversity

Perpetuated poverty, ecosystem services disruption, biodiversity loss, and security and risk factors are all costs of forest conflict. Pitting biodiversity against communities is not the solution.

Forest conflict can arise when people are excluded and the perception is that wildlife is being given more consideration than humans. Biodiversity conservation, ecosystem services, and basic human needs must be considered when resolving forest conflicts.

One of the major threats to biodiversity in forest ecosystems in the Philippines (and worldwide) is clearing of land for agriculture. The long-term advantage of forest and biodiversity conservation over short-term benefits of agricultural production need to be addressed along with assistance on more sustainable agriculture production systems.

There is lack of coordination between agriculture and forestry programs as well as conflict with biodiversity purists. Ecologists argue that proposed Philippines forest plantations do not bring back the original habitat but rather replace it and disrupt the natural succession of the forests. Agro-ecosystems (which can include monoculture exotic tree plantations or mixed exotic permanent crops) are preferred by communities for economic reasons, but require technical assistance from DENR and/or the Department of Agriculture to implement. While the academic debate wages over what should or should not be planted, on the ground communities continue to expand planting of low value crops. These crops are often environmentally harmful (e.g. corn) and seldom lift the communities out of poverty (e.g. bananas). For example, in Baguio Village Inter-Cultural Association (BICAS), forest/brush clearing intensified as prices of agricultural products increased. When the price of yellow corn increased from 4.50 Pesos per kilo to 9.00-9.50 Pesos per kilo the pressure to expand farm preparation (kaingin) into the 42 hectares of residual forest left was high. While in Diodol, banana crops have just recovered from bunchy top disease. The people are again clearing forestlands to give way for banana plantations. The market spikes are often only temporary and of course as more people enter the market and increase supply, the price goes down. But, more eco-friendly agro-forestry programs are too often blocked by biodiversity purists. When the reality is the community experiences above, replanting of higher value exotic tree species to stabilize hillsides, restore soil fertility and hydrology is a step in the right direction and can help to reduce pressure on the remaining "intact" biodiversity.

Moving Forward and Past Conflict

To effectively mitigate forest conflict, communities need to have a good working relationship with: the Department of Environment and Natural Resources (DENR); Department of Agriculture (DA); Local Government Units (LGUs); industry; neighbors that adjoin their forest lands and other forest stakeholders. EnterpriseWorks has used the following tools and strategies to address forest conflict in the Philippines and throughout Asia.

- Threat analysis that uses perception and biological indicators
- Multi-sector work groups/task forces and federation building (linkage development)
- Building constituencies to combat forest conflict (e.g. press, legal)

Recommendations and Conclusions

Specific recommendations from EnterpriseWorks' experience in community forestry are.

- Consolidate tenure and permit options including a consolidated manual on implementation guidelines for government officials and community members
- Promote linkages among the honest, but often silent majority to chip away at culture of SOP and illegal forests products extraction
- Link more effectively with Department of Agriculture and other agencies to improve upland productivity and combat slash and burn agriculture
- Don't expect loan programs alone to solve economic problems, technical assistance, reduction in legal requirements and paperwork burden and improved market linkages are needed.

But in the long-term, a comprehensive program is needed to address forest conflict. Communities need to have the capacity to exercise rights and responsibilities; the ability to conduct sustainable enterprises and long-term security to invest in future forest production and management.

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Case 9 Conflict Forests: Official and Unofficial Forest Charges in the Philippines - Disincentives for Legal Timber Harvesting and Production

By EnterpriseWorks Worldwide/Philippines staff (USAID and Ford Foundation)

What Happens When A Group Tries to Sell Timber Legally

A Region 2 Community Based Forest Management (CBFM) agreement holder in the Philippines loads up a truck of timber for sale in Manila. The trip will take approximately 13 hours over land, on a well-traveled highway that handles thousands of buses, trucks, and passenger vehicles daily. While the trip may seem long, the time to get this *fully legal shipment of forest products* ready was a long and costly process.

The shipping forms¹ alone took three days to complete with eight signatures from four officials of the Department of Environment and Natural Resources (DENR), added to five signatures from the CBFM agreement holder. This process also included the payment of required forest charges of P26,415 (\$490) on a truck load of timber containing 8,000 board feet (forest charges are calculated at P1,400 or \$26 per cubic meter of common hardwood). But the pre-harvesting permits and clearances were the real challenge, taking 15 months to complete, with a total cost of P51,800 (\$960) alone for the annual work plan (AWP) with resource use permit (RUP). Without the permits and clearances, no harvesting activities are legally allowed. Below is a chart of the pre-harvesting permits and clearances prepared by the group.

Table 1: Documentation Requirements for Harvesting Permits and Clearances from CBFM Areas

Document	Time	Signatories	Average Cost (P54=\$1)
Affirmed Community Resource Management Framework (CRMF) ²	5 months	CENRO/ PENRO	P72,750 (\$1,347; includes all preparation work)
Affirmed Annual Work Plan (AWP) with Resource Use Plan (RUP)	4 months	CENRO/ PENRO	P51,800 (\$960; includes all preparation work)
Environmental Compliance Certificate (ECC) for Resource Use Permits	3 months	Regional Director for Environment Management Bureau	Application fee - P3,000 (\$56) Professional fee – P3,000-30,000 (\$56-556)
ECC for Mini-Sawmill and Log pond area	3 months	Regional Director for Environment Management Bureau	Application fee - P3,000 (\$56) Professional fee - P3,000-15,000 (\$56-556)
Zoning permit	3 days	Municipal Planning and Development Officer (LGU)	P1,000 (\$18)
Mayor's permit	2 days	Municipal Chief Executive (Mayor)	P500(\$9)
Log pond registration	2 days	DENR CENRO	P200 (\$3.70)

¹ *Shipping documents required:* Certificate of Lumber Origin (CLO); Certificate of Transport Agreement; Tally Sheet; Auxiliary invoice; Sales Invoice; and Delivery receipt.

² CRMF preparation costs are one-time – CRMF is the strategic 25-year plan for the whole CBFM area on which all succeeding AWP's and RUP's are based.

It has been hard work to get the shipment ready and the CBFM group is proud to be abiding by the allowable cut and forest management guidelines outlined in their annual work plan (AWP). This in itself was not easy, as there were local officials, select CBFM members, known illegal loggers and even DENR officials all encouraging the group to bend or ignore the laws. Each had their own self-interests - discredit the group and get their CBFM agreement canceled; hide their own illegal operations behind the legal CBFM operations; or direct financial gain from payoff requests. But the CBFM group stood firm and their fully legal shipment was ready to go to market after 15 months and approximately P175,000 (\$3,241) paid in legally required fees and preparation costs.

Harvested legally, resisted illegal logging temptations, now welcome to standard operating procedures (SOP) during transport.

The CBFM group starts out with the load of timber bound for a pre-arranged Manila buyer. At first, the CBFM group that EnterpriseWorks accompanied during timber transport encountered minimal problems at checkpoints mainly because the group was confident about the legality of the volume being shipped and accompanying paperwork. Minimal still meant 17 stops, all requesting show of documentation and with attempts to extract money.

It is clear from actual transport experience that all checkpoints (DENR, police, army) make the assumption that a forest products shipment is either fully illegal or partially illegal (e.g. padded loads or recycled documentation) and proceed with standard operating procedures (SOP) practices - a euphemism in the Philippines for "grease money" or "payoffs". The "S" for standard is telling. Yes, it is standard and routine.

During the first shipment, the group only paid P200 for police and army checkpoints, and no SOP during the second shipment. However, one DENR checkpoint was adamant in attempting to find a violation in the load "Kaya kong hanapan ng violation yan," he said (*"I could find a violation in your load."*). The CBFM group Chairman explained the concept of CBFM and the DENR team leader then said that he will let this one shipment go. But, the next time the group passes through the checkpoint he will still ask for his share. The DENR official also gave pointers to the CBFM group on how to reuse the shipping papers or pad their shipment volume so that everybody would have a share from the load.

Later, after the army intercepted lumber at another checkpoint (allegedly illegal from another CBFM holder), the army at that checkpoint started asking for their own share from all CBFM loads, regardless of a CBFM group's complete documentation.

EnterpriseWorks did a separate case study based on an "undocumented" rattan shipment going through the same check points that the legal timber shipments passed. The stops and payments are in the table below; note that SOP costs for lumber can be higher, but the magnitude of SOP versus paying required legal costs is telling.

Table 2: Checkpoints and SOP Paid for a Rattan Shipment Not Fully Documented

Location	Amount asked (Pesos)
Lallo	50
Dugo	100
Gattaran	200
Pattao	50
Sta. Teresita	13,000
Baybayog	1,000
Tuguegarao	1,000
Sta. Maria	50
Cordon	500
Cordon	1,500
Bambang	1,500 to 2,000
Aritao	2,000
Dalton	1,500
Piot	500
Caranglan	1,000
San Jose	3,800
Cordon-Bayombong	2,000
Total SOP Payments	P29,750-30,250 (\$550-560)

The total value of the fully documented load of 8,000 board feet of timber was P144,000 (\$2,667) or P18 per board foot of wood³. The group paid P114,080 in harvesting expenses which includes an amortized amount of the harvesting permits and clearance costs noted in Table 1 (excluding the one-time cost of P72,750 for CRMF affirmation). The “legal” royalties that had to be paid amounted to P26,490.10 (\$490) or 18% of the shipment value. Total costs came to P17.57 per board foot leaving a very slim P0.43 per board foot margin or approximately P3,440 (US \$64) on the entire load). In the end this CBFM group lost money harvesting the trees, since the one time harvesting permits and clearance costs could not be amortized over the projected timber volume and delays in obtaining required signatures meant buyer delivery dates could not be kept.

If the CBFM group had paid even the average low end of SOP (P29,750) against a total shipment value of P144,000 or 21% it seems like the situation would be worse. But, this is only if one follows all the laws and rules. If a forest products operation skirts most of the harvesting permits and clearance requirements, pads loads, and recycles documents the SOP charges become cost effective in contrast to conducting a fully legal enterprise. The SOP system is also faster and more reliable in getting the product to market versus being held up for weeks or months for legal paperwork signatures. Not being able to deliver products on time to buyers is a death nail for any business and the SOP system fully understands this principal.

The culture of SOPs and what happens to those who do not play along

Anecdotal evidence suggests that groups who operate legally pay more than illegal operators. This is because there is a perverse “code of honor” among the payoff takers. It was suggested to the CBFM groups that they “recycle” their permits at least three times. As if the payoff taker is saying,

³ For this case, the truckload of lumber was bought at P18 per board foot (pickup price) and the buyer opted to shoulder the shipping costs since he owns a truck. The CBFM Chairman went along with the shipment to ensure that all documents were stamped as “used” at the checkpoints. This is a means of safeguarding the CBFM group’s receipts since buyers tend to re-use the documents without the group’s knowledge.

yes I know it is wrong for me to take a payment, but I will let you do something illegal so we will all be even. When CBFM groups refuse to buy into this SOP system there are several tactics officials use to punish them.

- Delay or refuse to sign needed paperwork
- Send paperwork back numerous times for additional information or even minor administrative issues such as document formatting and number of copies submitted.
- Entice select CBFM members to break the law and then turn in the entire group when individuals break the law, resulting in suspended CBFM operations or even CBFM cancellation.

Findings

It is not profitable to be a legal timber harvester in the Philippines. The onerous paperwork and permit burdens, contrary to their design intent of effectively regulating forest products harvesting, merely allow more officials the opportunity to extract payments and delay legal shipments. Illegal forest products harvesters rarely replant or manage the forests in a sustainable manner, which is yet another hidden cost of illegal activities. The CBFM program in the Philippines has admirable program goals. But, the incentive structure is sorely lacking to support the goals of effective forest management and profitable legal forest enterprises that benefit the community members who are charged with sustainable forest management.

Collusion among a few people can ruin it for many. In this case study and from experiences of other groups in Region 2, it was found that when a local government official, one DENR official, and a community member and/or former illegal logger colluded it was extremely difficult for the CBFM group to proceed with a legal operation. Too often blanket statements are made about DENR or CBFM groups when really it is a minority of individuals that collude to make a powerful force for the majority to overcome.

Uniting the honest majority, when only one or two officials are colluding can lead to change. In one instance, CBFM complaints and media attention focused on a DENR official got him transferred from the area. But, while the local situation did improve the problem most likely was only transferred to another location in the Philippines. Making examples of “the little guy” (e.g. small CBFM groups) also will not bring about meaningful change. Change needs to come from the top and be enforced throughout the system. This will take time and will only be attained when it becomes more cost effective to operate legally rather than illegally.